



Handling Exceptions during Old to New COA Mapping in ERP Financial Integrations

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ABSTRACT

In most ERP systems upgrades to Oracle Cloud, transition from an old Chart of Accounts (COA) to a new COA will be part of the implementation plan to support the growth of organizations. The new Cloud ERP will have to be still connected to the legacy ERP and other satellite systems which will send financial transactions to the Oracle Cloud ERP until complete migration is over. In the financial integrations, the mapping from an old Chart of Accounts (COA) to a new COA is a critical process that ensures the accuracy and consistency of financial data across systems. Exception handling in this context becomes crucial when mapping errors or omissions occur, leading to significant data discrepancies, financial reporting inaccuracies, and potential compliance risks. This article explores the common issues caused by missing or incorrect old-to-new COA mappings, such as integration failures and delays in financial close processes. Furthermore, it discusses potential solutions to mitigate these risks, including the implementation of automated validation checks, the use of fallback accounts, and establishing robust exception handling protocols. By addressing these challenges, organizations can ensure a smoother transition during COA updates, maintaining financial data integrity and supporting accurate financial reporting in their ERP systems.

Key words: Oracle Cloud General Ledger, Payables Invoices, Oracle Cloud ERP, Enterprise Resource Planning, Financials, Accounts Payables, Integrations, Accounts Receivables, Accounting Hub Cloud Service, AHCS.

INTRODUCTION

In the rapidly evolving landscape of enterprise resource planning (ERP) systems, many organizations are transitioning to advanced cloud-based platforms like Oracle Cloud to better support their growth and operational efficiency. A critical component of this transition is the migration from an old Chart of Accounts (COA) to a new COA, a process that demands meticulous planning and execution to ensure the continuity and accuracy of financial data. However, one of the most challenging aspects of this migration is handling exceptions when old-to-new COA mappings are incomplete or erroneous. These issues can lead to severe consequences, such as incorrect journal entries, misclassified financial transactions, and significant delays in financial reporting.

The complexity of managing this transition is further compounded by the need to integrate various financial systems while maintaining data integrity across the board. In many cases, the failure to accurately map old COA structure and values to the new ones can result in data discrepancies that undermine the reliability of financial statements and expose organizations to compliance risks.

This article delves into the issues caused by missing or incorrect COA mappings during ERP upgrades and explores potential solutions to address these challenges. Specifically, it discusses how implementing a mapping solution within the Platform as a Service (PaaS) layer can automate and streamline the process, ensuring that exceptions are handled effectively. By leveraging PaaS, organizations can create dynamic mapping solutions that accommodate their unique financial structures and reduce the risk of errors during the transition to a new COA, ultimately supporting a smoother upgrade to Oracle Cloud ERP.

CHALLENGES IN FINANCIAL INTEGRATES TO ORACLE CLOUD DUE TO MISSING CHART OF ACCOUNTS MAPPINGS

The challenges arising from missing or incorrect COA mappings in the PaaS layer during ERP financial integrations can have a profound impact on an organization's growth and performance. Data integrity issues, compliance risks, operational disruptions, increased costs, and impaired financial forecasting all contribute to a

less agile and efficient organization. In a competitive business environment, where timely and accurate financial information is crucial, these issues can limit an organization's ability to adapt to market changes, pursue new opportunities, and sustain long-term growth.

A. Integration Failures

Ensuring to maintain the latest COA mapping in middleware is essential to the success of financial transactions inbound integrations to Oracle Cloud. Missing mappings can lead to multiple integrations failures as it is the core of these integrations design.

B. Risk on Missing Vendor Payments

Failure to import Accounts Payables invoices from legacy ERP systems and third-party systems will increase the risk of missing vendor payments on time. As invoices need to be imported to Oracle Payables for generating outbound payments out of Oracle Cloud. This can adversely impact the vendor relationships and lead to potential legal issues.

C. Reliability on the Financial Data

The reliability and uptime of the integrated system are essential. Any downtime or performance issues can disrupt financial operations, resulting in significant business consequences. The system must also be scalable to accommodate varying transactional data and adapt to the organization's growth.

D. Increased Cost and Resource Allocation

Incorrect or missing COA mappings necessitate additional manual interventions to identify and correct errors, which can be time-consuming and costly. The need for manual reconciliation and error correction can divert valuable resources away from strategic initiatives, thereby increasing operational costs. This increased burden can slow down the organization's overall performance and limit its ability to invest in growth-oriented activities, such as expansion into new markets or the development of innovative products and services.

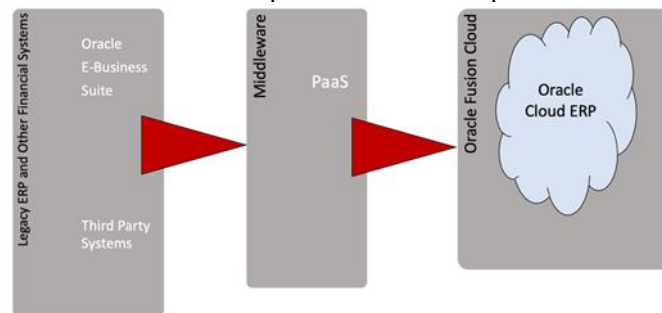


Fig. 1. This flow represents the high level architecture for integrations with Oracle Cloud

E. Impact on Financial Forecasting and Analysis

Effective financial forecasting and analysis depend on accurate and consistent financial data. Missing old-to-new COA mappings can lead to incomplete and delayed data comparisons, making it difficult to generate reliable forecasts and trend analyses. This can impair the organization's ability to anticipate financial challenges, allocate resources efficiently, and make informed decisions about future investments. Ultimately, the inability to accurately forecast financial performance can hinder the organization's ability to grow and compete in the marketplace.

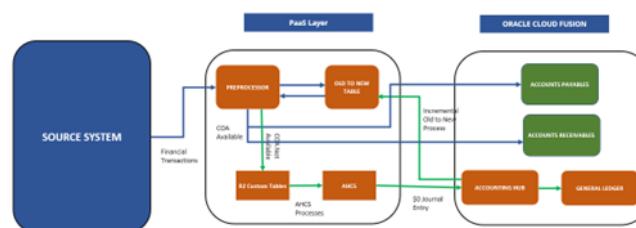


Fig. 2. This figure represents the technical flow of Source system integrations to Oracle Cloud and AHCS process for COA creation.

F. Operational Disruptions and Delays

The absence of accurate COA mappings in the PaaS layer can lead to significant operational disruptions. For instance, when financial transactions from third-party systems are not mapped to the Cloud COA, they will fail to integrate with Oracle Cloud Payables and Receivables, leading to processing delays. These delays can hinder the timely closure of financial periods, disrupt cash flow management, and cause bottlenecks in payment and collection processes. Such inefficiencies can strain relationships with vendors and customers, leading to operational inefficiencies that can stifle the organization's growth.

G. Compliance and Reporting Risks

Missing or incorrect COA mappings can also pose substantial risks to regulatory compliance and financial reporting. Regulatory frameworks often require precise categorization of financial transactions, and errors in COA mapping can lead to violations of accounting standards. This can result in fines, audits, and legal repercussions, damaging the organization's reputation and financial standing. Moreover, financial reports generated from incorrect mappings can be misleading, affecting stakeholders' trust and the organization's credibility in the market.

SOLUTION APPROACH TO INTEGRATE THIRD-PARTY SYSTEMS AND LEGACY SYSTEMS SEAMLESSLY WITH ORACLE CLOUD BY EFFECTIVELY HANDLING COA MAPPING EXCEPTIONS

For organizations to mitigate these risks discussed in the section [II], they must prioritize the creation of robust and accurate COA mappings during their transition to Oracle Cloud ERP. Leveraging the PaaS layer to implement automated mapping solutions, along with comprehensive validation and exception handling processes, can help ensure that financial transactions are seamlessly integrated, accurately recorded, and aligned with the new COA structure. By doing so, organizations can maintain financial data integrity, support compliance, and enhance their overall performance, paving the way for sustained growth and success in the digital age.

A. Financials Data Extraction

Source systems will send the financials data to middleware. These data include Accounts Payables Invoices and Accounts Receivables Transactions. Fig. 1. represents the high-level integration flow for transactions from Legacy ERP and third-party systems to Oracle SaaS via middleware database.

B. Staging in PaaS Layer

After the financials data is generated and sent by the source systems, it is then loaded to the middleware. Below are custom tables created in the PaaS layer for storing and performing the required transformations including the COA mapping.

- XX_AP_INV_INT_SOURCE_STG
- XX_AR_TRX_INT_SOURCE_STG
- XX_COA_OLD_TO_NEW_MAPPING

Extracted data from the source ERP systems is loaded to the custom table XX_AP_INV_INT_SOURCE_STG and XX_AR_TRX_INT_SOURCE_STG. Validations are performed in this staging table and then the transformed data will be transferred to the target staging tables [C] for further processing.

C. COA Mapping in PaaS

This is the most critical step in the transformation process in the PaaS layer. Financial transactions received from the source systems will contain the old COA value. This old COA needs to be mapped to the new COA values configured in the Oracle Cloud. Custom table XX_COA_OLD_TO_NEW_MAPPING will contain the old to new COA mapping. This table will be regularly updated with any new combinations or any changes in the existing COA values. In the transformation process the new COA values will be retrieved and replaced with the old combinations. After successfully completing the all the transformations data will be pushed to the below tables target in the middleware.

- XX_AP_INV_INT_TARGET_STG
- XX_AR_TRX_INT_TARGET_STG

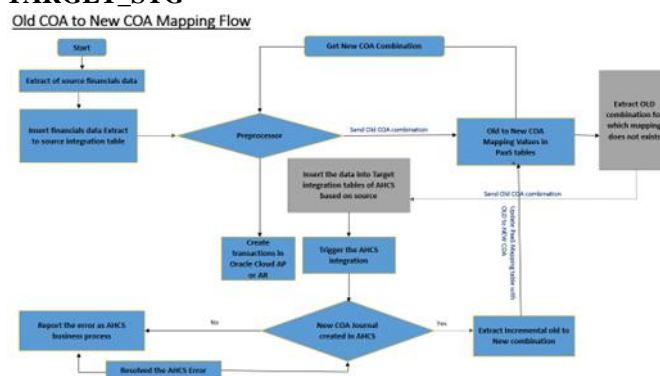


Fig. 3. This figure shows the detail flow of Exception Handling of the COA errors.

Once the data reaches the target staging tables they can be further processed to import to Oracle Cloud. Fig. 2. Shows the flow of source system integrations. Issue occurs where the program fails to find a valid mapping in the table XX_COA_OLD_TO_NEW_MAPPING. The exception handling will be discussed in the sub section [D].

D. Exception Handling by AHCS Integration

During the transformations, if a COA combination mapping does not exist in the table XX_COA_OLD_TO_NEW_MAPPING, the specific COA is sent to the Accounting Hub Cloud Service (AHCS) Staging table XX_AHCS_COA_MAPPING_STG. A custom process is developed to create a zero dollar journal entries with the required new COA combination and is sent to Oracle Cloud General Ledger via AHCS. Once the zero dollar journal entries are successfully created and posted in Oracle Cloud General Ledger, the valid new COA combination is created in Oracle Cloud GL. This new COA will be synced back to the middleware and the mapping is updated in the table XX_COA_OLD_TO_NEW_MAPPING. Using the newly created COA mapping in the middleware, the pending transactions will be reprocessed and transmitted to Oracle Cloud.

E. Work with Business on the Level 2 Exceptions

In-case the zero dollar journal entry creation step fails due to Cross Validation Rule violation or if any of the COA segments are end-dated in the Cloud General Ledger, then these additional exception cases would need business review and involvement. Notification is triggered to the relevant business team and they will take appropriate action to resolve the issues. If business identifies that it is an invalid COA, then the source needs to correct the data in their systems.

IMPACT

By implementing an effective exception handling solution for old-to-new COA mapping within the PaaS layer, organizations can ensure that their financial systems not only support current operations but also facilitate future growth and success. This proactive approach to managing COA transitions during ERP upgrades to Oracle Cloud is essential for maintaining competitive advantage and achieving long-term business objectives.

SCOPE

The integration of financials data from source ERP systems to Oracle Cloud via middleware is in the scope of this article. This article focuses solely on the COA mapping transformation issues and its exception handling.

CONCLUSION

The transition from an old Chart of Accounts (COA) to a new COA is a critical process in ERP system upgrades, particularly when moving to Oracle Cloud. This transition supports the evolving needs and growth of organizations by aligning financial structures with current business requirements. However, the process is fraught with challenges during post go-live integrations, especially when old-to-new COA mappings are incomplete or incorrect, leading to significant risks in financial data integrity, compliance, and operational efficiency.

Addressing these challenges requires a robust approach to exception handling, particularly within the Platform as a Service (PaaS) layer. By leveraging PaaS to implement automated and dynamic COA mapping solutions, organizations can effectively manage the complexities of financial integration from third-party or legacy systems into Oracle Cloud. This approach not only reduces the risk of errors and omissions but also ensures that financial transactions are accurately recorded and aligned with the new COA structure.

In conclusion, a well-designed COA mapping strategy within the PaaS layer is essential for maintaining the reliability and performance of financial operations during ERP upgrades. It enables organizations to navigate the challenges of COA transitions with greater confidence, ensuring that their financial systems remain scalable, compliant, and capable of supporting continued growth in the competitive landscape.

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